

VILLAGE OF OXFORD

OXFORD, MICHIGAN

REPORT FOR THE YEAR ENDED JUNE 30, 2008

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Lewis & Knopf, CPAs, P.C.

Serving You with Trust and Integrity

January 13, 2009

INDEPENDENT AUDITOR'S REPORT

To the Village Council
of the Village of Oxford

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Village of Oxford, as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Oxford's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Village of Oxford, as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, Capital Projects Fund, and Parking District #4 Debt Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2009 on our consideration of the Village of Oxford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis information on pages II - XIV, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Oxford's basic financial statements. The additional information on pages 33 - 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf PC
LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

As management of the *Village of Oxford, Michigan*, (the "Village") we offer readers of the Village's financial statements this narrative overview and analysis of the activities of the Village for the fiscal year ended June 30, 2008.

FINANCIAL HIGHLIGHTS

- At the end of the current fiscal year, unreserved fund balance for the general fund was \$873,847 or 35% of total general fund expenditures and transfers for the fiscal year. The total general fund balance of \$972,125 increased by \$108,603 or 13%.
- The capital projects fund total fund balance decreased by \$35,164, or 36%, to a total of \$63,748.
- The parking district #4 debt service fund total fund balance decreased by \$8,718, or 9%, to a total of \$83,573.
- The special revenue street funds (major, local, municipal & building authority) total fund balances decreased by \$637,090, or 91%, to a total of \$65,303.
- The Sewer Fund had an operating loss of \$71,066, with revenue of \$573,520 and expenses of \$610,649 including depreciation of \$96,844. Non-operating income and net transfers resulted in a net decrease in assets of \$37,129 for a net assets total \$2,457,829. The Sewer Fund's unrestricted net assets increased by \$59,715, or 4%, to \$1,562,712.
- The Water Fund had operating income of \$108,590, with revenue of \$788,855 and expenses of \$728,382 including depreciation of \$144,361. Non-operating income and net transfers resulted in a net increase in assets of \$60,473 for a net assets total of \$2,510,052. The Water Fund's unrestricted net assets increased by \$49,305, or 10%, to \$528,463.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, public works, highways and streets, recreation and culture, and community and economic development. The business-type activities of the Village include water distribution and sanitary sewer operations.

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

The government-wide financial statements include not only the Village of Oxford itself (known as the *primary government*), but also a legally separate downtown development authority known as the Downtown Development Authority, for which the Village is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Building Authority, also legally separate, functions for all practical purposes as a department of the Village, and therefore has been included as an integral part of the primary government.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects and Parking District #4 Debt Service funds, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* after the *Notes to Financial Statements*.

The Village adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets for the General, Capital Projects and Parking District #4 Debt Service funds.

Proprietary Funds

The Village maintains two different types of proprietary funds: *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water and sanitary sewer operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses an internal service fund to account for its motor equipment fleet. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sanitary sewer operations, both of which are considered to be major funds of the Village.

Fiduciary Funds

The Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to a schedule concerning the Village's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Oxford, assets exceeded liabilities by \$10,758,720 at the close of the most recent fiscal year.

A large portion of the Village's net assets (64%, \$6,892,445) reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Statement of Net Assets

	2008			2007
	Governmental Activities	Business-Type Activities	Total	Total
Current and Other Assets	\$1,478,788	\$2,850,611	\$4,329,399	\$4,733,219
Capital Assets - Net	<u>6,772,927</u>	<u>4,771,451</u>	<u>11,544,378</u>	<u>11,436,213</u>
<u>TOTAL ASSETS</u>	<u>\$8,251,715</u>	<u>\$7,622,062</u>	<u>\$15,873,777</u>	<u>\$16,169,432</u>
Current Liabilities	\$536,774	\$273,463	\$810,237	\$839,750
Noncurrent Liabilities	<u>2,227,580</u>	<u>2,077,240</u>	<u>4,304,820</u>	<u>4,663,304</u>
Total Liabilities	<u>\$2,764,354</u>	<u>\$2,350,703</u>	<u>\$5,115,057</u>	<u>\$5,503,054</u>
Net Assets				
Invested in Capital Assets – Net of Related Debt	4,334,110	2,558,335	6,892,445	6,487,033
Restricted	124,831	318,371	443,202	1,288,888
Unrestricted	<u>1,028,420</u>	<u>2,394,653</u>	<u>3,423,073</u>	<u>2,890,457</u>
Total Net Assets	<u>\$5,487,361</u>	<u>\$5,271,359</u>	<u>\$10,758,720</u>	<u>\$10,666,378</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$8,251,715</u>	<u>\$7,622,062</u>	<u>\$15,873,777</u>	<u>\$16,169,432</u>

An additional portion of the Village's net assets (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, 2,890,457 or 27%, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The Village's net assets increased by \$97,351 or 0.9% to \$10,758,720.

Governmental activities. Governmental activities increased the Village's net assets by \$74,007 to a total of \$5,487,361. This increase is primarily due from operational activities.

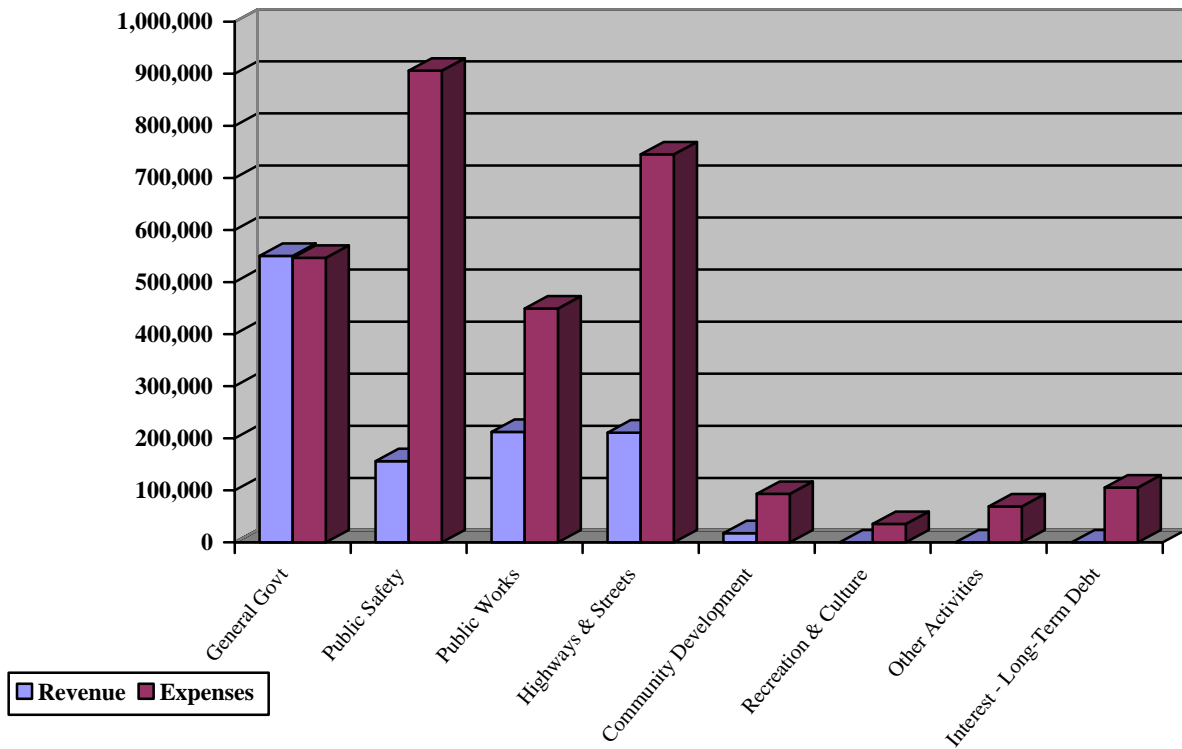
VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Changes in Net Assets

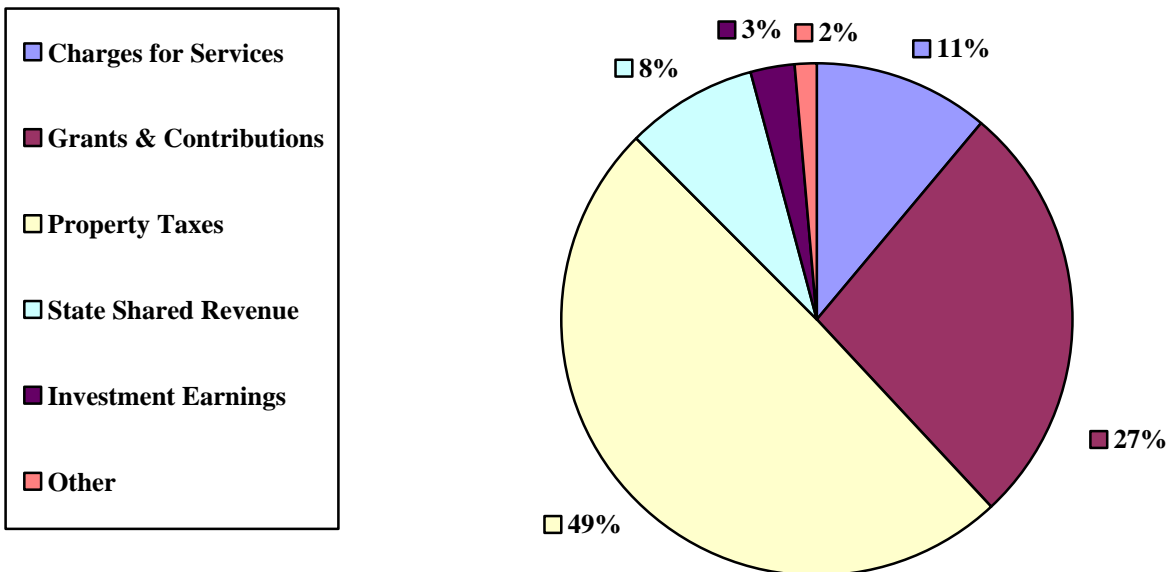
	2008			2007
	Governmental Activities	Business Type Activities	Total	Total
Revenues:				
Program Revenues:				
Charges for Services	\$337,188	\$1,244,893	\$1,582,081	\$1,587,343
Grants and Contributions	809,899	0	809,899	622,293
General Revenues:				
Property Taxes	1,499,215	0	1,499,215	1,459,501
State Shared Revenue	250,899	0	250,899	252,297
Investment Earnings	81,373	84,739	166,112	219,010
Grants and Contributions Not Restricted to Specific Programs	7,342	17,293	24,635	53,675
Internal Transfers	38,437	(38,437)	0	0
Total Revenues	\$3,024,353	\$1,308,488	\$4,332,841	\$4,194,119
Functions/Program Expenses:				
General Government	546,538	0	546,538	611,304
Public Safety	905,848	0	905,848	880,027
Public Works	449,277	0	449,277	517,349
Highways and Streets	745,323	0	745,323	657,441
Community and Economic Development	93,308	0	93,308	74,546
Recreation and Culture	35,429	0	35,429	122,550
Other Governmental Activities	69,208	0	69,208	54,293
Interest on Long-Term Obligations	105,415	0	105,415	42,172
Sewer	0	590,049	590,049	563,974
Water	0	695,095	695,095	692,578
Total Expenses	\$2,950,346	\$1,285,144	\$4,235,490	\$4,216,234
INCREASE (DECREASE) IN NET ASSETS	\$74,007	\$23,344	\$97,351	(\$22,115)
NET ASSETS-BEGINNING - AS RESTATED	5,413,354	5,248,015	10,661,369	10,688,493
<u>NET ASSETS-ENDING</u>	<u>\$5,487,361</u>	<u>\$5,271,359</u>	<u>\$10,758,720</u>	<u>\$10,666,378</u>

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

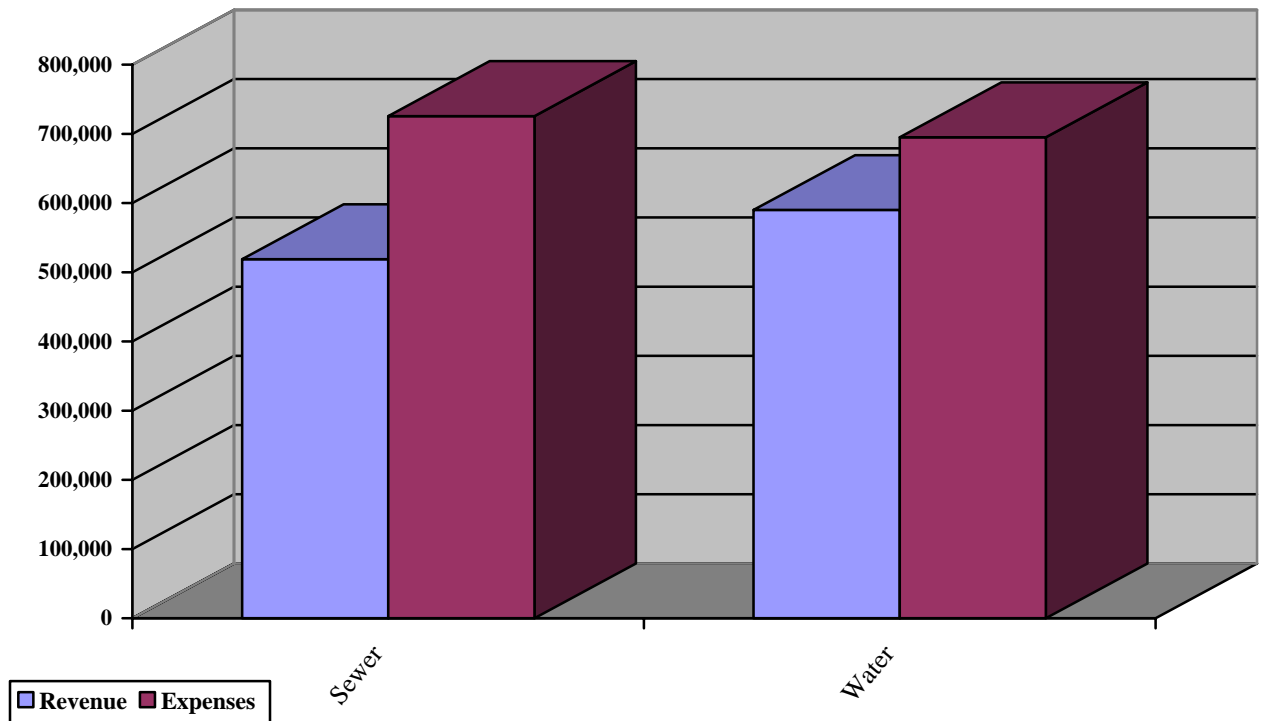


VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

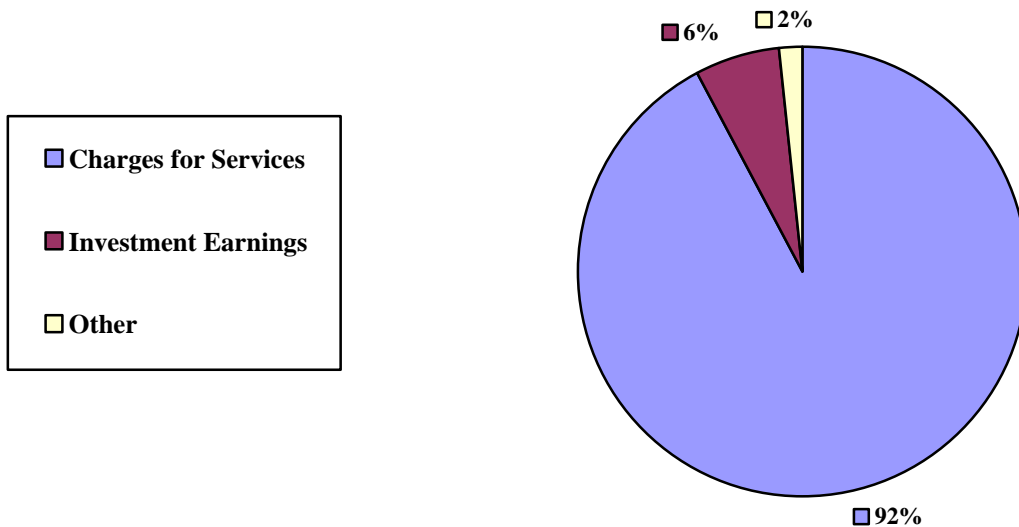
Business-Type Activities

Business-type activities increased the Village's net assets by \$23,344, contributing to the Village's total increase in net assets.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,184,749, a decrease of \$572,369 in comparison with the prior year. Approximately 93% of this total amount, or \$931,939 constitutes *unreserved, undesignated fund balance* and is available for spending at the government's discretion.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$873,847, while total fund balance was \$972,125. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 40% of total general fund expenditures, while total fund balance represents 44% of the same amount.

The fund balance of the Village's general fund increased by \$108,603 during the current fiscal year. This is primarily attributable to:

- Interest earnings of \$48,520 greater than expected by \$18,320 due to higher interest rates and funds invested.
- Personnel expense savings due to turnover in the Police Department of \$59,959
- Deferred capital outlays in Police of \$11,845 for equipment.

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund at the end of the year amounted to \$1,562,712 and the Water Fund's unrestricted net assets amounted to \$528,463. The decrease in Sewer Fund net assets was \$37,129 and the increase in Water Fund net assets amounted to \$60,473. Over the past several years, the net assets of the Water and Sewer Funds has been maintained to provide for future maintenance needs of the system.

General Fund Budget & Actual Revenues & Expenditures

GENERAL FUND BUDGET VS. ACTUAL

Fiscal Year	Original Budget	Final Budget	Actual	Variance Original & Final Budget %	Variance Actual & Final Budget %
Revenues	\$3,582,317	\$3,587,700	\$3,618,703	0.15	0.86
Expenditures	3,639,049	3,904,308	3,510,100	7.29	10.10
<u>TOTAL</u>	<u>(\$56,732)</u>	<u>(\$316,608)</u>	<u>\$108,603</u>		

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

General Fund Budget & Actual Revenues & Expenditures (Continued)

Original vs. Final Budgets

Revenues

Differences between the original budget and the final amended budget totaled an increase of \$5,383 were due to increases in local reimbursements offset by expenditures increase.

Expenditures

Differences between the original budget and the final amended budget totaled an increase of \$265,259. The major reasons for the increase in expenses were due to:

- Transfer for local street construction of \$60,977
- Property valuation settlement of \$85,000
- Proposed purchase of property payment to Oxford Township of \$87,500.

Actual Results vs. Final Budgets

Revenues

Significant changes between final budget and actual of \$20,138 were primarily due to an increase in local reimbursements and interest earnings.

Expenditures

Significant changes between final budget and actual of \$375,906 were primarily due to:

- Personnel turnover expense savings in the Police Department of \$59,959, Public Works of \$24,099 and Clerk of \$12,549
- Deferred capital outlays in Police of \$11,845 for equipment, building improvements of \$33,537 and park improvements of \$41,380.
- Professional service expense savings of \$16,604 in the Police and \$17,771 in the Clerk.

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounted to \$11,544,377 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, and roads, highways, and other infrastructure. The total decrease in the Village's investment in capital assets for the current fiscal year was \$97,789, or 1%, which represents a increase in governmental activities of \$340,621, or 5%, and an decrease in business-type activities of \$232,457, or 5%.

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Capital Asset and Debt Administration (Continued)

Governmental Activities	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital Assets Not Being Depreciated</u>					
Land	\$468,448	\$85,000	\$0	\$0	\$553,448
Construction in Progress	492,053	770,642	(37,977)	(18,795)	1,205,923
Total Assets Not Being Depreciated	\$960,501	\$855,642	(\$37,977)	(\$18,795)	\$1,759,371
<u>Capital Assets Being Depreciated</u>					
Building & Improvements	1,506,433	0	0	0	1,506,433
Street Lighting	70,550	0	0	0	70,550
Office Furnishings & Equipment	1,427,170	21,733	0	0	1,448,903
Vehicles	89,957	0	0	18,795	108,752
Infrastructure	9,826,919	28,137	0	0	9,855,056
Total Capital Assets Being Depreciated	\$12,921,029	\$49,870	\$0	\$18,795	\$12,989,694
<u>Less Accumulated Depreciation For</u>					
Building & Improvements	648,423	77,500	0	0	725,923
Street Lighting	58,804	4,703	0	0	63,507
Office Furnishings & Equipment	1,130,695	51,109	0	0	1,181,804
Vehicles	45,307	11,245	0	0	56,552
Infrastructure	5,565,995	382,357	0	0	5,948,352
Total Accumulated Depreciation	\$7,449,224	\$526,914	\$0	\$0	\$7,976,138
Total Capital Assets Being Depreciated - Net	\$5,471,805	(\$477,044)	\$0	\$18,795	\$5,013,556
<u>Governmental Activities Capital</u>					
<u>Assets - Net</u>	\$6,432,306	\$378,598	(\$37,977)	\$0	\$6,772,927

Signification additions was the purchase of land.

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Capital Asset and Debt Administration (Continued)

Business-Type Activities	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital Assets Not Being Depreciated</u>					
Land	\$709,744	\$0	\$0	\$0	\$709,744
Construction in Progress	244,058	8,748	0	0	252,806
Total Assets Not Being Depreciated	\$953,802	\$8,748	\$0	\$0	\$962,550
<u>Capital Assets Being Depreciated</u>					
Land Improvements	34,727	0	0	0	34,727
Building & Improvements	286,414	0	0	0	286,414
Office Furnishings & Equipment	22,154	0	0	0	22,154
Water Supply System Improve.	4,652,763	0	0	0	4,652,763
Village Lateral Lines	2,670,322	0	0	0	2,670,322
Paint Creek Interceptor	1,137,457	0	0	0	1,137,457
Machinery & Equipment	324,340	0	0	0	324,340
Total Capital Assets Being Depreciated	\$9,128,177	\$0	\$0	\$0	\$9,128,177
<u>Less Accumulated Depreciation For</u>					
Land Improvements	27,222	626	0	0	27,848
Building & Improvements	199,951	7,162	0	0	207,113
Office Furnishings & Equipment	22,154	0	0	0	22,154
Water Supply System Improve.	1,474,012	117,153	0	(65,148)	1,526,017
Village Lateral Lines	2,219,883	66,758	0	0	2,286,641
Paint Creek Interceptor	952,640	28,436	0	0	981,076
Machinery & Equipment	182,210	21,070	0	65,148	268,428
Total Capital Assets Being Depreciated	\$5,078,072	\$241,205	\$0	\$0	\$5,319,277
Total Capital Assets Being Depreciated - Net	\$4,050,105	(\$241,205)	\$0	\$0	\$3,808,900
<u>Business-Type Activities Capital Assets - Net</u>					
	\$5,003,907	(\$232,457)	\$0	\$0	\$4,771,450

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Capital Asset and Debt Administration (Continued)

Long-term Debt

The Village made principal payments on bonded, long term debt obligations that reduced the amount of the Village's long term liabilities as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Series 2005 Capital Imp. Bonds	\$2,219,692	\$0	(\$132,580)	\$2,087,112
Series 1990 Authority Bonds	155,000	0	(35,000)	120,000
Parking District #4 Bonds	100,000	0	(20,000)	80,000
Motor Pool Note	127,662	0	(19,030)	108,632
Accrued Compensated Absences	51,607	0	(8,534)	43,073
<u>Total Governmental Activities</u>	<u>\$2,653,961</u>	<u>\$0</u>	<u>(\$215,144)</u>	<u>\$2,438,817</u>
<u>Business-Type Activities</u>				
1996 Water Revenue Bonds	\$1,106,817	\$0	(\$48,701)	\$1,058,116
1998 DWRP Bonds	1,245,000	0	(90,000)	1,155,000
Accrued Compensated Absences	7,825	0	0	7,825
<u>Total Business-Type Activities</u>	<u>\$2,359,642</u>	<u>\$0</u>	<u>(\$138,701)</u>	<u>\$2,220,941</u>
<u>Component Unit</u>				
Series 2005 Capital Imp. Bonds	\$710,303	\$0	(\$42,420)	\$667,883
Accrued Compensated Absences	2,450	0	(2,450)	0
<u>Total Component Unit Activities</u>	<u>\$712,753</u>	<u>\$0</u>	<u>(\$44,870)</u>	<u>\$667,883</u>

At the end of the current fiscal year, the Village had total long-term debt outstanding of \$5,327,641. Of this amount, \$5,168,111 comprises debt backed by the full faith and credit of the government. The remaining \$159,530 represents notes payable and accrued compensated absences.

The Village's total debt decreased by \$398,715 during the fiscal year.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Village's budget for the 2008-09 fiscal year:

Revenue limitations including property tax reduction of 2.3%; flat state shared revenues over the past few years and slightly higher interest investment rates.

A 7% increase in health insurance costs and a slight increase in general liability and property insurance premiums and a 2% wage increase per the union contracts.

The Village of Oxford's 2008/2009 adopted budget is as follows:

REVENUE	\$2,825,507
EXPENDITURES	<u>2,825,507</u>
<u>NET (UNDER) BUDGET</u>	<u>\$0</u>

VILLAGE OF OXFORD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Manager, P.O. Box 94, 22 W. Burdick Street, Oxford, Michigan 48371.

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008

	Governmental	Business-Type		Component Unit
	Activities	Activities	Total	Downtown Development Authority
<u>ASSETS</u>				
Cash and Cash Equivalents	\$1,381,931	\$1,835,858	\$3,217,789	\$302,677
Receivables - Net	273,067	241,898	514,965	14,198
Internal Balances	(364,627)	364,627	0	0
Due from Component Unit - Net	53,976	0	53,976	0
Prepaid Expenses	134,441	127,384	261,825	3,607
Temporarily Restricted Assets:				
Cash and Cash Equivalents	0	280,844	280,844	0
Non-Depreciable Capital Assets	1,759,371	962,550	2,721,921	2,049,045
Net Capital Assets Being Depreciated	5,013,556	3,808,901	8,822,457	42,812
<u>TOTAL ASSETS</u>	<u>\$8,251,715</u>	<u>\$7,622,062</u>	<u>\$15,873,777</u>	<u>\$2,412,339</u>
<u>LIABILITIES</u>				
Accounts Payable and Accrued Liabilities	\$244,937	\$100,383	\$345,320	\$26,172
Customer Deposits	600	26,800	27,400	0
Due to Primary Government - Net	0	0	0	53,976
Unearned Revenue	80,000	2,579	82,579	0
Noncurrent Liabilities				
Due Within One Year	211,237	143,701	354,938	43,640
Due in More than One Year	2,227,580	2,077,240	4,304,820	624,243
Total Current Liabilities	\$2,764,354	\$2,350,703	\$5,115,057	\$748,031
<u>NET ASSETS</u>				
<u>NET ASSETS</u>				
Invested in Capital Assets - Net of Related Debt	4,334,110	2,558,335	6,892,445	1,423,974
Restricted				
Debt Service	61,083	318,371	379,454	0
Capital Projects	63,748	0	63,748	0
Unrestricted	1,028,420	2,394,653	3,423,073	240,334
Total Net Assets	\$5,487,361	\$5,271,359	\$10,758,720	\$1,664,308
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$8,251,715</u>	<u>\$7,622,062</u>	<u>\$15,873,777</u>	<u>\$2,412,339</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Governmental Activities:							
General Government	\$546,538	\$14,400	\$535,698	\$3,560	\$0	\$3,560	\$0
Public Safety	905,848	100,311	55,900	(749,637)	0	(749,637)	0
Public Works	449,277	212,250	0	(237,027)	0	(237,027)	0
Highways & Streets	745,323	10,227	200,583	(534,513)	0	(534,513)	0
Community & Economic Development	93,308	0	17,718	(75,590)	0	(75,590)	0
Recreation & Culture	35,429	0	0	(35,429)	0	(35,429)	0
Other Governmental Activities	69,208	0	0	(69,208)	0	(69,208)	0
Interest on Long-Term Obligations	105,415	0	0	(105,415)	0	(105,415)	0
Total Governmental Activities	\$2,950,346	\$337,188	\$809,899	(\$1,803,259)	\$0	(\$1,803,259)	\$0
Business-Type Activities:							
Sewer	590,049	519,102	0	0	(70,947)	(70,947)	0
Water	695,095	725,791	0	0	30,696	30,696	0
Total Business-Type Activities	\$1,285,144	\$1,244,893	\$0	\$0	(\$40,251)	(\$40,251)	\$0
Component Unit	484,298	526	21,702	0	0	0	(462,070)
TOTALS	\$4,719,788	\$1,582,607	\$831,601	(\$1,803,259)	(\$40,251)	(\$1,843,510)	(\$462,070)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes				1,499,215	0	1,499,215	413,897
State Shared Revenue				250,899	0	250,899	0
Investment Earnings				81,373	84,739	166,112	26,083
Grants & Contributions not Restricted to Specific Programs				7,342	17,293	24,635	0
Internal Transfers				38,437	(38,437)	0	0
Total General Revenues and Transfers				\$1,877,266	\$63,595	\$1,940,861	\$439,980
Change in Net Assets				\$74,007	\$23,344	\$97,351	(\$22,090)
Net Assets - Beginning - As Restated				5,413,354	5,248,015	10,661,369	1,686,398
<u>Net Assets - Ending</u>				<u>\$5,487,361</u>	<u>\$5,271,359</u>	<u>\$10,758,720</u>	<u>\$1,664,308</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2008

	General Fund	Capital Projects	Parking District #4 Debt Service	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$808,178	\$99,007	\$66,699	\$54,266	\$1,028,150
Accounts Receivable	110,090	215	0	0	110,305
Taxes - Delinquent	25,643	0	0	0	25,643
Allowance for Delinquent Taxes	(13,317)	0	0	0	(13,317)
Special Assessments Receivable	0	0	51,218	0	51,218
Due from Component Unit	57,291	0	0	0	57,291
Due from Other Funds	166,146	0	0	3	166,149
Due from Other Governments	81,400	0	0	17,818	99,218
Prepaid Expenses	98,278	0	22,490	7,211	127,979
<u>TOTAL ASSETS</u>	<u>\$1,333,709</u>	<u>\$99,222</u>	<u>\$140,407</u>	<u>\$79,298</u>	<u>\$1,652,636</u>
<u>LIABILITIES</u>					
Accounts Payable	\$117,161	\$708	\$0	\$9,067	\$126,936
Accrued Liabilities	45,028	34,766	0	1,116	80,910
Due to Component Unit	3,315	0	0	0	3,315
Due to Other Funds	178,936	0	15,000	3,812	197,748
Deposits	600	0	0	0	600
Deferred Revenue	16,544	0	41,834	0	58,378
Total Liabilities	\$361,584	\$35,474	\$56,834	\$13,995	\$467,887
<u>FUND BALANCES</u>					
Reserved for Prepaids	98,278	0	22,490	7,211	127,979
Reserved for Debt Service	0	0	61,083	0	61,083
Reserved for Capital Projects	0	63,748	0	0	63,748
Unreserved and Undesignated					
General Fund	873,847	0	0	0	873,847
Special Revenue Funds	0	0	0	58,092	58,092
Total Fund Balances	\$972,125	\$63,748	\$83,573	\$65,303	\$1,184,749
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$1,333,709</u>	<u>\$99,222</u>	<u>\$140,407</u>	<u>\$79,298</u>	<u>\$1,652,636</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2008

Total Governmental Fund Balances: \$1,184,749

Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are
not reported in the Funds.

Add: Capital Assets 13,062,029

Deduct: Accumulated Depreciation (7,037,973)

Because the focus of governmental funds is on short-term financing, some assets will not
be available to pay for current period expenditures. Those assets (such as certain
receivables) are offset by deferred revenues in the governmental funds, and thus are
not included in fund balance

Add: Deferred Personal Property Taxes & Special Assessments 58,378

An internal service fund is used by management to charge the costs of certain equipment
usage to individual funds. A portion of the assets and liabilities of the internal service
fund are included in governmental activities in the statement of net assets.

582,119

Certain liabilities, such as bonds payable, are not due and payable in the current period
therefore are not reported in the funds.

Deduct: Bonds Payable (2,287,112)

Deduct: Accrued Interest Payable (31,756)

Deduct: Compensated Absences (43,073)

TOTAL NET ASSETS -

GOVERNMENTAL ACTIVITIES

\$5,487,361

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Capital Projects	Parking District #4 Debt Service	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>					
Taxes & Special Assessments	\$1,489,053	\$0	\$10,162	\$0	\$1,499,215
Licenses & Permits	15,525	0	0	0	15,525
Intergovernmental	322,802	3,377	0	200,583	526,762
Charges for Services	226,650	0	0	0	226,650
Fines & Forfeitures	44,418	0	0	0	44,418
Investment Earnings	48,520	2,126	6,711	11,279	68,636
Other	425,535	0	0	10,227	435,762
Total Revenues	<u>\$2,572,503</u>	<u>\$5,503</u>	<u>\$16,873</u>	<u>\$222,089</u>	<u>\$2,816,968</u>
<u>EXPENDITURES</u>					
Current:					
General Government	529,151	0	0	0	529,151
Public Safety	889,638	0	0	0	889,638
Public Works	504,411	0	0	0	504,411
Highways & Streets	0	0	0	218,018	218,018
Community & Economic Development	82,755	0	0	0	82,755
Recreation & Culture	30,848	0	0	0	30,848
Other Functions	69,208	0	0	0	69,208
Capital Outlay	87,829	770,642	0	0	858,471
Debt Service					
Principal	0	0	20,000	167,580	187,580
Interest	0	0	5,030	92,203	97,233
Other	0	0	561	500	1,061
Total Expenditures	<u>\$2,193,840</u>	<u>\$770,642</u>	<u>\$25,591</u>	<u>\$478,301</u>	<u>\$3,468,374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$378,663	(\$765,139)	(\$8,718)	(\$256,212)	(\$651,406)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers to (from) Other Funds	(310,660)	729,975	0	(380,878)	38,437
Other Transfers	40,600	0	0	0	40,600
Total Other Financing Sources (Uses)	<u>(\$270,060)</u>	<u>\$729,975</u>	<u>\$0</u>	<u>(\$380,878)</u>	<u>\$79,037</u>
Net Change in Fund Balance	\$108,603	(\$35,164)	(\$8,718)	(\$637,090)	(\$572,369)
<u>FUND BALANCE - BEGINNING</u>	<u>863,522</u>	<u>98,912</u>	<u>92,291</u>	<u>702,393</u>	<u>1,757,118</u>
<u>FUND BALANCE - ENDING</u>	<u>\$972,125</u>	<u>\$63,748</u>	<u>\$83,573</u>	<u>\$65,303</u>	<u>\$1,184,749</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Total net change in fund balances - governmental funds (\$572,369)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and report as depreciation expense.

Add: Capital Outlay	855,642
Less: Depreciation Expense	(426,196)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year

Deduct: Net Difference in Deferred Revenue	0
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Bonds proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: Principal Payments on Long-Term Liabilities	187,580
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An internal service fund is used by management to charge the costs of certain equipment usage to individual funds. A portion of the net revenue (expense) of the internal service fund attributable to those funds is reported with governmental activities.

	20,907
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: Decrease in the Accrual for Compensated Absences	8,534
Less: Increase in Accrued Interest Payable on Bonds	(91)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

	<u>\$74,007</u>
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VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds:</u>			Governmental Activities Vehicle & Equipment Internal Service Fund
<u>ASSETS</u>	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$1,443,736	\$392,122	\$1,835,858	\$353,781
Accounts Receivable	107,115	134,783	241,898	0
Due from Other Funds	3,198	25,006	28,204	10,450
Prepaid Expenses	51,793	75,591	127,384	6,462
Total Current Assets	<u>\$1,605,842</u>	<u>\$627,502</u>	<u>\$2,233,344</u>	<u>\$370,693</u>
<u>NON-CURRENT ASSETS</u>				
Cash and Cash Equivalents with the County				
Restricted Cash and Cash Equivalents	0	280,844	280,844	0
Advances to Other Funds	40,000	0	40,000	0
Non-Depreciable Capital Assets	352,372	610,178	962,550	0
Net Capital Assets Being Depreciated	542,745	3,266,156	3,808,901	748,871
Total Non-Current Assets	<u>\$935,117</u>	<u>\$4,157,178</u>	<u>\$5,092,295</u>	<u>\$748,871</u>
<u>TOTAL ASSETS</u>	<u>\$2,540,959</u>	<u>\$4,784,680</u>	<u>\$7,325,639</u>	<u>\$1,119,564</u>
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$79,289	\$11,062	\$90,351	\$4,367
Accrued Liabilities	104	2,780	2,884	160
Due to Other Funds	3,737	3,318	7,055	0
Advances Payable - Current Portion	0	0	0	20,000
Total Current Liabilities	<u>\$83,130</u>	<u>\$17,160</u>	<u>\$100,290</u>	<u>\$24,527</u>
<u>CURRENT LIABILITIES - RESTRICTED ASSETS</u>				
Restricted Deposit	0	26,800	26,800	0
Accrued Interest	0	7,148	7,148	808
Bonds Payable - Current Portion	0	143,701	143,701	19,877
Total Current Liabilities - Restricted Assets	<u>\$0</u>	<u>\$177,649</u>	<u>\$177,649</u>	<u>\$20,685</u>
<u>NON-CURRENT LIABILITIES</u>				
Charges Received in Advance	0	2,579	2,579	80,000
Accrued Compensated Absences	0	7,825	7,825	0
Notes Payable	0	0	0	88,755
Net Bonds Payable	0	2,069,415	2,069,415	0
Advances from Other Funds	0	0	0	20,000
Total Non-Current Liabilities	<u>\$0</u>	<u>\$2,079,819</u>	<u>\$2,079,819</u>	<u>\$188,755</u>
<u>NET ASSETS</u>				
Investment in Capital Assets - Net of Debt	895,117	1,663,218	2,558,335	640,239
Restricted for Bond Redemption	0	318,371	318,371	0
Unrestricted	1,562,712	528,463	2,091,175	245,358
Total Net Assets	<u>\$2,457,829</u>	<u>\$2,510,052</u>	<u>\$4,967,881</u>	<u>\$885,597</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$2,540,959</u>	<u>\$4,784,680</u>	<u>\$7,325,639</u>	<u>\$1,119,564</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Fund:			<u>303,478</u>	
<u>NET ASSETS OF BUSINESS TYPE ACTIVITIES</u>			<u>\$7,629,117</u>	

See accompanying notes to the basic financial statements

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
			<u>Total After Interfund Eliminations</u>	<u>Vehicle & Equipment Internal Service Fund</u>
	<u>Sewer</u>	<u>Water</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	\$519,102	\$725,791	\$1,244,893	\$221,446
Other	(119)	17,412	17,293	0
Total Operating Revenues	\$518,983	\$743,203	\$1,262,186	\$221,446
<u>OPERATING EXPENSES</u>				
Personal Services	44,020	210,083	254,103	58,958
Professional Services	277,140	5,624	282,764	1,145
Supplies	3,388	41,216	44,604	21,553
Contractual Services	27,799	52,790	80,589	6,450
Repairs & Maintenance	0	1,379	1,379	12,737
Equipment Rental	49,814	50,497	100,311	0
Insurance	25,824	16,326	42,150	4,280
Utilities	0	39,041	39,041	0
Depreciation	96,844	144,361	241,205	100,718
Administration	65,000	65,000	130,000	0
Other	220	8,296	8,516	405
Total Operating Expenses	\$590,049	\$634,613	\$1,224,662	\$206,246
Operating Income (Loss)	(\$71,066)	\$108,590	\$37,524	\$15,200
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest Revenue	54,537	30,202	84,739	12,737
Transfers from Other Funds	0	15,450	0	0
Interest Expense and Fiscal Charges	0	(60,482)	(60,482)	(7,030)
Transfer to Other Funds	(20,600)	(33,287)	(38,437)	0
Total Nonoperating Revenues (Expenses)	\$33,937	(\$48,117)	(\$14,180)	\$5,707
Change in Net Assets	(\$37,129)	\$60,473	\$23,344	\$20,907
<u>NET ASSETS - BEGINNING - AS RESTATED</u>	<u>2,494,958</u>	<u>2,449,579</u>		<u>864,690</u>
<u>NET ASSETS - ENDING</u>	<u>\$2,457,829</u>	<u>\$2,510,052</u>		<u>\$885,597</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			0	
<u>CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES</u>			<u>\$23,344</u>	

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities Vehicle & Equipment Internal Service Fund</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Customers & Users	\$524,385	\$746,605	\$1,270,990	\$0
Receipts from Interfund Services Provider	0	0	0	221,446
Payments to Suppliers	(427,681)	(344,395)	(772,076)	(133,093)
Payments to Employees	(44,020)	(210,083)	(254,103)	0
Payments for Interfund Services Used	0	0	0	(42,732)
Net Cash (Used In) Operating Activities	<u>\$52,684</u>	<u>\$192,127</u>	<u>\$244,811</u>	<u>\$45,621</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Transfers In	0	15,450	15,450	0
Transfers Out	<u>(20,600)</u>	<u>(33,287)</u>	<u>(53,887)</u>	<u>0</u>
Net Cash (Used In) Non-Capital Financing Activities	<u>(\$20,600)</u>	<u>(\$17,837)</u>	<u>(\$38,437)</u>	<u>\$0</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchase of Capital Assets	0	(8,748)	(8,748)	(11,893)
Bond/Note Principal Payments	0	(138,701)	(138,701)	(19,039)
Bond/Note Interest Payments	<u>0</u>	<u>(60,483)</u>	<u>(60,483)</u>	<u>(7,171)</u>
Net Cash (Used In) Capital and Related Financing Activities	<u>\$0</u>	<u>(\$207,932)</u>	<u>(\$207,932)</u>	<u>(\$38,103)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Investment Income	<u>54,537</u>	<u>30,202</u>	<u>84,739</u>	<u>12,737</u>
<u>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>\$86,621</u>	<u>(\$3,440)</u>	<u>\$83,181</u>	<u>\$20,255</u>
<u>BALANCE - BEGINNING OF YEAR</u>	<u>1,357,115</u>	<u>676,406</u>	<u>2,033,521</u>	<u>333,526</u>
<u>BALANCE - END OF YEAR</u>	<u><u>\$1,443,736</u></u>	<u><u>\$672,966</u></u>	<u><u>\$2,116,702</u></u>	<u><u>\$353,781</u></u>
<u>Reconciliation of Operating (Loss) to Net Cash Provided (Used)</u>				
<u>By Operating Activities</u>				
Operating Income (Loss)	(\$71,066)	\$108,590	\$37,524	\$15,200
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization	96,844	144,361	241,205	100,718
(Increase) Decrease in Assets				
Accounts Receivable	5,402	3,402	8,804	0
Due from Other Funds	9,947	(23,771)	(13,824)	(394)
Prepaid Expenses	341	(20,780)	(20,439)	(4,415)
Advances to Other Funds	10,000	0	10,000	0
Increase (Decrease) in Liabilities				
Accounts Payable and Other Accrued Liabilities	1,423	(39,564)	(38,141)	(23,150)
Due to Other Funds	(207)	(1,911)	(2,118)	(12,338)
Restricted Deposits Payable	0	21,800	21,800	0
Charges Received in Advance	0	0	0	(10,000)
Advances from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,000)</u>
<u>NET CASH (USED IN) OPERATING ACTIVITIES</u>	<u>\$52,684</u>	<u>\$192,127</u>	<u>\$244,811</u>	<u>\$45,621</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

ASSETS

Cash and Cash Equivalents	<u>\$107,788</u>
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LIABILITIES

Accounts Payable	\$1,000
Accrued Liabilities	7,937
Performance Bonds	<u>98,851</u>

<u>TOTAL LIABILITIES</u>	<u>\$107,788</u>
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See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Property Taxes	\$1,476,870	\$1,476,870	\$1,489,053	\$12,183
Licenses and Permits	26,210	26,210	15,525	(10,685)
Intergovernmental				
Federal Grants	15,000	15,000	17,718	2,718
State Grants	254,584	254,584	250,899	(3,685)
Local Reimbursements	24,200	24,200	54,185	29,985
Charges for Services	232,000	232,000	226,650	(5,350)
Fines and Forfeitures	46,800	46,800	44,418	(2,382)
Investment Earnings	30,200	30,200	48,520	18,320
Other	441,118	446,501	425,535	(20,966)
Total Revenues	<u>\$2,546,982</u>	<u>\$2,552,365</u>	<u>\$2,572,503</u>	<u>\$20,138</u>
<u>EXPENDITURES</u>				
General Government				
Council	10,870	8,565	5,075	3,490
Manager	106,775	106,775	106,488	287
Elections	1,600	1,600	1,435	165
Attorney	101,330	106,330	105,211	1,119
Clerk	193,914	192,343	162,536	29,807
Treasurer	75,416	78,025	74,321	3,704
Building & Grounds	113,136	112,098	73,326	38,772
Appeals Fees	660	660	340	320
Beautification Committee	5,360	5,360	419	4,941
Total General Government	<u>\$609,061</u>	<u>\$611,756</u>	<u>\$529,151</u>	<u>\$82,605</u>
Public Safety				
Police	665,887	665,887	588,562	77,325
Drug Forfeitures	500	170	0	170
911 & Communications	286,535	286,535	249,773	36,762
Code Enforcement	11,495	11,495	9,960	1,535
Building Inspection	53,575	53,575	41,343	12,232
Total Public Safety	<u>\$1,017,992</u>	<u>\$1,017,662</u>	<u>\$889,638</u>	<u>\$128,024</u>
Public Works				
Department of Public Works	241,568	260,923	232,424	28,499
Light Poles	51,400	48,400	43,568	4,832
Engineering Fees	4,000	7,123	7,120	3
Rubbish Contracts	224,000	224,000	221,299	2,701
Total Public Works	<u>\$520,968</u>	<u>\$540,446</u>	<u>\$504,411</u>	<u>\$36,035</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES</u> (Continued)				
Community & Economic Development				
Planning & Building Department	\$33,700	\$35,700	\$33,519	\$2,181
Public Relations	52,500	58,500	49,236	9,264
Total Community & Economic Developmer	<u>\$86,200</u>	<u>\$94,200</u>	<u>\$82,755</u>	<u>\$11,445</u>
Recreation & Culture				
Parks	95,440	75,965	30,848	45,117
Other Functions				
Insurance	42,359	44,459	44,427	32
Other	13,128	9,928	24,781	(14,853)
Total Other Functions	<u>\$55,487</u>	<u>\$54,387</u>	<u>\$69,208</u>	<u>(\$14,821)</u>
Capital Outlay	1,000	175,330	87,829	87,501
Total Expenditures	<u>\$2,386,148</u>	<u>\$2,569,746</u>	<u>\$2,193,840</u>	<u>\$375,906</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$160,834	(\$17,381)	\$378,663	\$396,044
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	1,035,335	1,035,335	1,046,200	10,865
Transfers Out	(1,252,901)	(1,334,562)	(1,316,260)	18,302
Total Other Financing Sources (Uses)	<u>(\$217,566)</u>	<u>(\$299,227)</u>	<u>(\$270,060)</u>	<u>\$29,167</u>
Net Change in Fund Balance	<u>(\$56,732)</u>	<u>(\$316,608)</u>	<u>\$108,603</u>	<u>\$425,211</u>
<u>FUND BALANCE - BEGINNING</u>			<u>863,522</u>	
<u>FUND BALANCE - ENDING</u>			<u><u>\$972,125</u></u>	

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUES</u>				
Intergovernmental				
Local Reimbursements	\$0	\$7,260	\$3,377	(\$3,883)
Investment Earnings	0	0	2,126	2,126
Total Revenues	<u>\$0</u>	<u>\$7,260</u>	<u>\$5,503</u>	<u>(\$1,757)</u>
<u>EXPENDITURES</u>				
Capital Outlay	0	780,125	770,642	9,483
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$0	(\$772,865)	(\$765,139)	\$7,726
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	0	729,975	729,975	0
Net Change in Fund Balance	<u>\$0</u>	<u>(\$42,890)</u>	<u>(\$35,164)</u>	<u>\$7,726</u>
<u>FUND BALANCE - BEGINNING</u>			<u>98,912</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$63,748</u>	

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PARKING DISTRICT #4 DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Taxes & Special Assessments	\$10,000	\$10,000	\$10,162	\$162
Investment Earnings	5,591	5,591	6,711	1,120
Total Revenues	\$15,591	\$15,591	\$16,873	\$1,282
<u>EXPENDITURES</u>				
Principal	20,000	20,000	20,000	0
Interest	5,030	5,030	5,030	0
Other	561	561	561	0
Total Expenditures	\$25,591	\$25,591	\$25,591	\$0
Net Change in Fund Balance	(\$10,000)	(\$10,000)	(\$8,718)	\$1,282
<u>FUND BALANCE - BEGINNING</u>			92,291	
<u>FUND BALANCE - ENDING</u>			\$83,573	

See accompanying notes to the basic financial statements.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Oxford, Michigan (the "Village" or "government") is a municipal corporation governed by an elected five-member council and an appointed Village Manager. The accompanying financial statements present the Village (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit

Building Authority. The members of the governing board of the Oxford Building Authority are appointed by the Village Council. The budgets and expenditures of the Building Authority are approved by the Village Council. For financial reporting purposes, the Building Authority is reported as if it were part of the Village's operation because the Village has the ability to significantly influence operations, and the Building Authority's sole purpose is to serve the Village. Complete financial statements of the Building Authority are not prepared.

Discretely Presented Component Unit

Downtown Development Authority. The component unit column in the combined financial statements includes the financial data of the Village's discretely presented component unit, the Downtown Development Authority (the "Authority"). The discretely presented component unit is reported in a separate column to emphasize it is legally separate from the Village. The members of the governing board of the Authority are appointed by the Village Council. The budgets and expenditures of the Authority must be approved by the Village Council. Complete financial statements of the Downtown Development Authority can be obtained at the Village's administrative offices.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

Government-wide financial statements. The statements of net assets and activities report information on all of the non-fiduciary activities of the primary government (the Village) and its component unit. For the most part, eliminations have been made to remove the effect of double-counting inter-fund activities. These statements distinguish between the Village's *governmental* and *business-type activities*. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses are offset by program revenues for the different business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable with a particular function or segment. Program revenues include (1) fees, fines and charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes and other items, are presented as general revenues.

Fund financial statements. The fund financial statements report in separate statements, information for governmental, proprietary and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide, proprietary and fiduciary fund financial statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Village's enterprise funds and internal services fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants entitlements and donations is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village generally considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. The exception to this relates to state shared revenues that are considered available if they are collected within ninety days after year-end. Property taxes, franchise taxes, intergovernmental revenues, licenses and interest are considered to be susceptible to accrual.

Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

The Village reports the following major governmental funds:

General fund. This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major street fund. This fund accounts for maintenance of major streets funded by state revenues.

Municipal street fund. This fund accounts for resources to be used for major and local street construction projects.

Capital projects fund. This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Village reports the following major proprietary funds:

Sewer fund. This fund accounts for the activities of the sewage disposal and sewage treatment system.

Water fund. This fund accounts for the activities of the Village's water distribution and water treatment system.

Additionally, the Village reports the following fund types:

Special revenue funds. These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

Debt service funds. These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Internal service fund. This fund accounts for operations that provide services to other departments or agencies of the Village. The Village maintains one internal service fund, the Motor Equipment Fund.

Agency fund. This fund accounts for assets held for other governments in an agency capacity.

Both the government-wide and proprietary fund financial statements of the Village follow private-sector standards of accounting and financial reporting issued prior to December 1, 1989, unless those standards conflict with guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost-reimbursement grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

D. Assets, Liabilities and Equity

Deposits and Investments

The Village maintains an investment pool for all Village funds. Each fund's portion of the investment pool is displayed on the statement of net assets/balance sheet as "cash and cash equivalents".

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

Receivables and Payables

All trade and delinquent property tax receivables are shown net of an allowance for uncollectibles, as applicable.

All outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as *internal balances*.

Inventories, prepaid items and other assets

All inventories are valued at cost using the first-in/first-out method. Generally, inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the Village's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Actual historical cost was used as available. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	5 – 25
Buildings and Building Improvements	5 – 25
Public Domain Infrastructure	15 – 25
Water and Wastewater System Infrastructure	10 – 40
Vehicles	2 – 10
Office Equipment	5 – 10
Machinery and Equipment	5 – 10

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused sick and compensatory time benefits, subject to certain limitations. Sick time pay is accrued at 50 percent of earned and unused leave hours for union employees and 100 percent for non-union employees in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund balance designations represent tentative management plans that are subject to change.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year-end, except for those approved by the Village Council for carry forward. The legal level of budgetary control is the functional level for the general fund and the fund level for special revenue funds.

The Village Council requires the Village Manager to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year in June. The Village Manager is then authorized to assign and transfer budget amounts within each fund to the extent that the net total fund appropriation (which the Village defines as gross authorized expenditures less related revenues that are specifically designated to fund those activities) is not exceeded. Village Council approval is required for any budgetary changes that result in an increase to net appropriations.

Formal budgetary integration is employed as a management control during the year. Supplemental appropriations were approved by the Village Council in the form of budget amendment resolutions or as part of special authorizing motions for grants, bonds or notes, the total of which was not significant in relation to the original budget appropriation valuations.

B. Excess of Expenditures Over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2008, the Village did incur expenditures in excess of the amounts appropriated.

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets follows:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
<u>Statement of Net Assets</u>			
Cash & Cash Equivalents	\$3,217,789	\$302,677	\$3,520,466
Temporarily Restricted Cash & Cash Equivalents	280,844	0	280,844
 <u>Statement of Fiduciary Net Assets</u>			
Cash & Cash Equivalents	<u>107,788</u>	<u>0</u>	<u>107,788</u>
 <u>TOTAL</u>	 <u><u>\$3,606,421</u></u>	 <u><u>\$302,677</u></u>	 <u><u>\$3,909,098</u></u>

These balances are disclosed in the notes as follows:

Bank Deposits (Checking Accounts, Savings Accounts & CD's)	\$3,908,898
Cash on Hand	<u>200</u>
 <u>TOTAL</u>	 <u><u>\$3,909,098</u></u>

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Investments

The Village is authorized by the Village Council, in accordance with State law, to invest surplus funds in the following:

- ◆ Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- ◆ Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- ◆ Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- ◆ Banker's acceptances of United States banks.
- ◆ Obligations of the State of Michigan and its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service.
- ◆ Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- ◆ External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

As of year-end the Village had no investments.

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of investments above. The Village's investment policy does not have specific limits in excess of State law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The Village's investment policy does not have specific limits in excess of state law on investment credit risk. The Village held no investments as of year-end.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. State law does not require and the Village does not have a policy for deposit custodial credit risk. As of year-end, \$3,676,828 of the \$4,108,933 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Village does not have a policy for investment custodial credit risk. The Village held no investments as of year-end.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Village's investment policy does not have specific limits in excess of State law on concentration of credit risk.

B. Receivables

Receivables in the governmental activities are 36.3 percent (\$99,218) due from other governments, 40.4 percent (\$110,305) accounts receivables and 23.3 percent (\$63,544) taxes and special assessments. The entire business-type activities receivable is due from customers.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the deferred revenue was 42.1 percent made up of unavailable funds related to personal property taxes and special assessments (\$58,378) that have been earned, but not yet received and 57.8 percent prepaid rent from the water and sewer funds to the internal service fund (\$80,000).

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

Primary Government

Governmental Activities	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital Assets Not Being Depreciated</u>					
Land	\$468,448	\$85,000	\$0	\$0	\$553,448
Construction in Progress	492,053	770,642	(37,977)	(18,795)	1,205,923
Total Assets Not Being Depreciated	\$960,501	\$855,642	(\$37,977)	(\$18,795)	\$1,759,371
<u>Capital Assets Being Depreciated</u>					
Building & Improvements	1,506,433	0	0	0	1,506,433
Street Lighting	70,550	0	0	0	70,550
Office Furnishings & Equipment	1,427,170	21,733	0	0	1,448,903
Vehicles	89,957	0	0	18,795	108,752
Infrastructure	9,826,919	28,137	0	0	9,855,056
Total Capital Assets Being Depreciated	\$12,921,029	\$49,870	\$0	\$18,795	\$12,989,694
<u>Less Accumulated Depreciation For</u>					
Building & Improvements	648,423	77,500	0	0	725,923
Street Lighting	58,804	4,703	0	0	63,507
Office Furnishings & Equipment	1,130,695	51,109	0	0	1,181,804
Vehicles	45,307	11,245	0	0	56,552
Infrastructure	5,565,995	382,357	0	0	5,948,352
Total Accumulated Depreciation	\$7,449,224	\$526,914	\$0	\$0	\$7,976,138
Total Capital Assets Being Depreciated - Net	\$5,471,805	(\$477,044)	\$0	\$18,795	\$5,013,556
<u>Governmental Activities Capital Assets - Net</u>	<u>\$6,432,306</u>	<u>\$378,598</u>	<u>(\$37,977)</u>	<u>\$0</u>	<u>\$6,772,927</u>

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital Assets Not Being Depreciated</u>					
Land	\$709,744	\$0	\$0	\$0	\$709,744
Construction in Progress	244,058	8,748	0	0	252,806
Total Assets Not Being Depreciated	\$953,802	\$8,748	\$0	\$0	\$962,550
<u>Capital Assets Being Depreciated</u>					
Land Improvements	34,727	0	0	0	34,727
Building & Improvements	286,414	0	0	0	286,414
Office Furnishings & Equipment	22,154	0	0	0	22,154
Water Supply System Improve.	4,652,763	0	0	0	4,652,763
Village Lateral Lines	2,670,322	0	0	0	2,670,322
Paint Creek Interceptor	1,137,457	0	0	0	1,137,457
Machinery & Equipment	324,340	0	0	0	324,340
Total Capital Assets Being Depreciated	\$9,128,177	\$0	\$0	\$0	\$9,128,177
<u>Less Accumulated Depreciation For</u>					
Land Improvements	27,222	626	0	0	27,848
Building & Improvements	199,951	7,162	0	0	207,113
Office Furnishings & Equipment	22,154	0	0	0	22,154
Water Supply System Improve.	1,474,012	117,153	0	(65,148)	1,526,017
Village Lateral Lines	2,219,883	66,758	0	0	2,286,641
Paint Creek Interceptor	952,640	28,436	0	0	981,076
Machinery & Equipment	182,210	21,070	0	65,148	268,428
Total Capital Assets Being Depreciated	\$5,078,072	\$241,205	\$0	\$0	\$5,319,277
Total Capital Assets Being Depreciated - Net	\$4,050,105	(\$241,205)	\$0	\$0	\$3,808,900
<u>Business-Type Activities Capital</u>					
<u>Assets - Net</u>	\$5,003,907	(\$232,457)	\$0	\$0	\$4,771,450

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General Government	\$7,791
Public Safety	16,210
Public Works	4,703
Highways & Streets	382,358
Community & Economic Development	10,553
Recreation & Culture	4,581
Motor Pool	100,718
	<u>100,718</u>

Total Depreciation Expense - Governmental Activities	<u>\$526,914</u>
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Business-Type Activities

Sewer Fund	\$96,844
Water Fund	144,361
	<u>144,361</u>

Total Depreciation Expense - Business-Type Activities	<u>\$241,205</u>
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Discretely Presented Component Unit

Activity for the Downtown Development Authority for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
<u>Capital Assets Not Being Depreciated</u>					
Land	\$1,205,830	\$85,000	\$0	\$0	\$1,290,830
Construction in Progress	91,524	666,691	0	0	758,215
Total Assets Not Being Depreciated	\$1,297,354	\$751,691	\$0	\$0	\$2,049,045
<u>Capital Assets Being Depreciated</u>					
Land Improvements	53,515	0	0	0	53,515
Street Lighting	24,255	0	0	0	24,255
Equipment	17,314	0	0	0	17,314
Total Capital Assets Being Depreciated	\$95,084	\$0	\$0	\$0	\$95,084
<u>Less Accumulated Depreciation For</u>					
Land Improvements	7,135	3,568	0	0	10,703
Street Lighting	24,255	0	0	0	24,255
Equipment	17,314	0	0	0	17,314
Total Capital Assets Being Depreciated	\$48,704	\$3,568	\$0	\$0	\$52,272
Total Capital Assets Being Depreciated - Net	\$46,380	(\$3,568)	\$0	\$0	\$42,812
<u>Component Unit Activity Capital Assets - Net</u>	\$1,343,734	\$748,123	\$0	\$0	\$2,091,857

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Interfund Receivables, Payables and Transfers

The following are the interfund receivables and payable balances at June 30, 2008:

Primary Government

Fund Due To	Fund Due From						Total
	General Fund	Major Street	Local Street	Sewer Fund	Water Fund	Parking #4 Debt Service	
General Fund	\$0	\$0	\$0	\$0	\$0	\$15,000	\$15,000
Major Street	1	0	0	0	0	0	1
Local Street	2	0	0	0	0	0	2
Sewer Fund	3,198	0	0	0	0	0	3,198
Water Fund	24,587	0	0	419	0	0	25,006
Motor Pool Fund	2	2,825	987	3,318	3,318	0	10,450
<u>Total</u>	<u>\$27,790</u>	<u>\$2,825</u>	<u>\$987</u>	<u>\$3,737</u>	<u>\$3,318</u>	<u>\$15,000</u>	<u>\$53,657</u>

Component Unit

Fund Due To	Fund Due From
	Downtown Development Authority
General Fund	<u>\$53,976</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Interfund Receivables, Payables and Transfers (Continued)

The composition of interfund transfers for the year ended June 30, 2008 is as follows:

Primary Government

Transfers Out	Transfers In					Total
	General Fund	Special Revenue	Municipal Debt	Capital Projects	Water Fund	
General Fund	\$0	\$259,983	\$0	\$60,977	\$0	\$320,960
Special Revenue	0	228,408	45,236	640,861	0	914,505
Sewer Fund	5,150	0	0		15,450	20,600
Water Fund	5,150	0	0	28,137	0	33,287
<u>Total</u>	<u>\$10,300</u>	<u>\$488,391</u>	<u>\$45,236</u>	<u>\$729,975</u>	<u>\$15,450</u>	<u>\$1,289,352</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Long-term Debt

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities.

Purpose	Interest Rate	Amount
<u>Governmental Activities</u>		
Series 2005 Capital Improvement Bonds	3.10 - 4.15%	\$2,087,112
Series 1990 Building Authority Bonds	7.00 - 7.10%	120,000
Parking District #4 Bonds	5.50 - 5.65%	80,000
Motor Pool Note	4.45%	108,632
<u>Total Governmental Activities</u>		<u>\$2,395,744</u>
<u>Business-Type Activities</u>		
1996 Water Revenue Bonds, Net of \$15,584 Unamortized Discount	5.60 - 5.90%	\$1,058,116
1998 DWRF Bonds	Variable	1,155,000
<u>Total Business-Type Activities</u>		<u>\$2,213,116</u>
<u>Component Unit</u>		
Series 2005 Capital Improvement Bonds	3.10 - 4.15%	\$667,883

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Long-term Debt (Continued)

Annual debt service requirement to maturity for debt is as follows:

	<u>Principal</u>	<u>Interest</u>
<u>Governmental Activities</u>		
2009	\$211,237	\$94,385
2010	224,701	85,437
2011	234,415	75,697
2012	194,160	67,060
2013	182,748	60,259
2014 - 2018	912,880	201,503
2019 - 2020	435,603	27,247
	<u>\$2,395,744</u>	<u>\$611,588</u>
<u>Business-Type Activities</u>		
2009	\$143,701	\$90,213
2010	143,701	85,150
2011	143,701	79,938
2012	173,701	73,981
2013	173,701	67,150
2014 - 2018	918,507	230,313
2019 - 2022	516,104	50,200
	<u>\$2,213,116</u>	<u>\$676,945</u>
<u>Component Unit</u>		
2009	\$43,640	\$25,071
2010	46,060	23,696
2011	47,270	22,200
2012	48,490	20,616
2013	50,910	18,944
2014 - 2018	292,120	64,472
2019 - 2020	139,393	8,718
	<u>\$667,883</u>	<u>\$183,717</u>

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. Long-term Debt (Continued)

Changes in long-term debt. Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Series 2005 Capital Imp. Bonds	\$2,219,692	\$0	(\$132,580)	\$2,087,112	\$136,360
Series 1990 Authority Bonds	155,000	0	(35,000)	120,000	35,000
Parking District #4 Bonds	100,000	0	(20,000)	80,000	20,000
Motor Pool Note	127,662	0	(19,030)	108,632	19,877
Accrued Compensated Absences	51,607	0	(8,534)	43,073	0
<u>Total Governmental Activities</u>	<u>\$2,653,961</u>	<u>\$0</u>	<u>(\$215,144)</u>	<u>\$2,438,817</u>	<u>\$211,237</u>
<u>Business-Type Activities</u>					
1996 Water Revenue Bonds	\$1,106,817	\$0	(\$48,701)	\$1,058,116	\$48,701
1998 DWRP Bonds	1,245,000	0	(90,000)	1,155,000	95,000
Accrued Compensated Absences	7,825	0	0	7,825	0
<u>Total Business-Type Activities</u>	<u>\$2,359,642</u>	<u>\$0</u>	<u>(\$138,701)</u>	<u>\$2,220,941</u>	<u>\$143,701</u>
<u>Component Unit</u>					
Series 2005 Capital Imp. Bonds	\$710,303	\$0	(\$42,420)	\$667,883	\$43,640
Accrued Compensated Absences	2,450	0	(2,450)	0	0
<u>Total Component Unit Activities</u>	<u>\$712,753</u>	<u>\$0</u>	<u>(\$44,870)</u>	<u>\$667,883</u>	<u>\$43,640</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

F. Segment Information - Enterprise Funds

The Water Fund and the Sewer Fund are individual funds that account entirely for the government's water and wastewater activities. These funds are segments and are reported as major funds in the fund financial statements; therefore, segment disclosures herein are not required.

4. OTHER INFORMATION

A. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees and natural disasters. The Village carries commercial insurance to cover any potential claims associated with these risks and has had no claims that exceeded the insurance coverage during the past three years.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

4. OTHER INFORMATION (Continued)

B. Property Taxes

The government's property taxes are levied each July 1 on the taxable valuation of property located in the Village as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest if paid in full by August 31^s. As of September 30, the unpaid property taxes are added to the Oakland County tax rolls. Assessed values, as established annually by the government and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the Village for the 2007 levy, including industrial facilities was \$150,107,900. The government's general operating tax rate for fiscal 2007-08 was 11.12 mills, a reduction of .5 mills from the previous year.

Property taxes for the Downtown Development Authority (the "Authority") are derived from tax increment financing agreements with the various applicable taxing authorities. Under these arrangements, the Authority receives the property taxes levied on the increment of current taxable values over the base year values on those properties located within the established tax increment financing district. The captured taxable value of the Authority was \$16,908,745 for the fiscal year 2007-08 net of the 1985 base year taxable value of \$5,551,175.

Property taxes are recognized in the fiscal year in which they are levied.

C. Contingent Liabilities

Grove Property (NE Parking Lot)

The Village is in the process of purchasing a parking lot property by exercising their right of eminent domain. The condemnation action is to ensure free parking to promote the viability of the community interests in the downtown area. Litigation is pending regarding the fair market value of the property in question which has a valuation date of July 10, 2002. The Village prevailed in the Michigan Supreme Court after appealing two adverse rulings in the Trial Court and Court of Appeals. By consent order, as of July 11, 2007, the Village has full title to the property with payment of the \$170,000 original appraisal escrowed paid to property owner's. The actual cost of the property to the Village is contingent upon the outcome of the legal action with the Village's updated appraisal at \$205,000 and an appraisal of \$1,160,000 submitted by former owner, Grove and Knauf's, plus demands of upwards of \$1.5 to \$1.7 million. On September 23, 2008, on a unanimous vote, a jury determined the total value at \$267,830. The Village is entitled to a \$170,000 credit on this amount for a new award of \$97,830. Attorney fees and costs together with substantial offsets owed the Village because the case evaluation sanction is yet to be determined but the net exposure is expected to be minimal. The 21 day appeal period ends October 15, 2008.

D. Joint Venture Dissolution

Oxford Public Fire and EMS Commission (OPFEC)

The Village is currently engaged in litigation brought against it by the Township of Oxford to dissolve the Oxford Public Fire and EMS Commission. This case has been referred by court order to binding arbitration. The Village was a member of the Oxford Public Fire and EMS Commission (the "Commission"), which previously provided fire and emergency services to the citizens of Oxford Township and the Village of Oxford, Michigan. The two member communities provided funding for its operations until January 1, 2006. As of January 1, 2006, Oxford Township provided fire services for the entire area with financing from two voted property tax millages (fire and advanced life support services) which were levied by the Township. Complete financial statements for the Oxford Public Fire and EMS Commission can be obtained from the administrative offices at 96 N. Washington, P.O. Box 911, Oxford, Michigan 48371.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

4. OTHER INFORMATION (Continued)

D. Joint Venture Dissolution (Continued)

This is a complex matter involving the determination of equities dating back to the 1970's and a balancing of equities between the Township of Oxford and the Village of Oxford in the jointly operated fire department presently under the Oxford Public Fire and EMS Commission. The Village has engaged expert services to put together the historical picture from financial and budget records involving the longstanding relationship and complex equities involved. The equity values, now are about \$6.4 million minus actuarial costs yet to be determined regarding health care and pension benefits. The expert witness fees and litigation costs will likely be substantial, but cannot be reasonably estimated at this time. It is expected that the Village will be in a better fiscal position as a result of this litigation foisted upon it by the Township's lawsuit against the Village in this matter.

E. Defined Benefit and Defined Contribution Pension Plans

Defined Benefit Plan Description

The Village's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Village participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan operating and administered by the MERS Retirement Board. Public Act No. 220 of the Public Acts of 1996, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

All full-time Village employees are eligible to participate in the MERS. MERS benefits vest after ten years of service. Village employees who retire at or after age 60 with ten years of credited service, age 55 with 15 years service or age 50 with 25 years of service, are entitled to an annual retirement benefit, payable monthly for life. This is the normal retirement benefit and is equal to 2.5% of the maximum 80% of final average compensation multiplied by the years of credited service. MERS also provides death and disability benefits. These benefits are established by state statute.

Funding Policy

The Village is required to contribute at an actuarially determined rate; the current rate is 13.31% and for FY '09 the rate will be 13.36% of annual covered payroll. Employees are currently not required to contribute to the Plan. The contribution requirements of the Village are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Village depending on the MERS contribution program adopted by the Village.

Annual Pension Cost

For the year ended June 30, 2008, the Village's annual pension cost of \$102,030 for MERS was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2007 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

4. OTHER INFORMATION (Continued)

E. Defined Benefit and Defined Contribution Pension Plans (Continued)

The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect market value. The Village's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, the date of the latest available actuarial valuation, was 28 years.

Three-Year Trend Information

Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension Obligation
6/30/2007	91,632	100	0
6/30/2008	100,884	100	0
6/30/2009	99,000	100	0

Defined Contribution Plan

Certain management positions (three) have opted out for a defined contribution pension benefit through ICMA Retirement Corporation. The contribution rates are based on individual employment contracts ranging from 5% to 12%.

The Village's total payment for the defined contribution for the fiscal year was \$13,373 including \$2,262 made by the component unit the Downtown Development Authority.

457 Deferred Compensation Plan

The Village offers a 457 deferred compensation plan through ICMARC that as of June 30, 2008 had a balance of \$186,213.

F. State Construction Code Act Compliance

Public Act 245 of 1999 amended the State Construction Act to require Michigan municipal government's to establish fees that bear a reasonable relationship to the cost of operating their building departments. The Village's fee structure is not intended to fully recover its costs, and accordingly, the operations of the Village's building department are accounted for in the General Fund.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

4. OTHER INFORMATION (Continued)

F. State Construction Code Act Compliance (Continued)

For the year ended June 30, 2008, the Village's revenue and expenditures related to its building department were as follows:

<u>Revenues</u>	
Building Permits	\$7,942
Electrical Permits	2,900
Heating Permits	820
Plumbing Permits	991
Other Revenue	<u>2,872</u>
<u>Total Revenues</u>	<u>\$15,525</u>
<u>Expenditures</u>	
Salaries & Wages	\$38,366
Benefits	1,773
Operating Supplies	<u>1,204</u>
<u>Total Expenditures</u>	<u>\$41,343</u>

G. Subsequent Events

Water Refunding Bond Issue

July 1, 2008, was the cash settlement date for Water Refunding Bonds of \$1,100,000. This new bond issue refunded the 1996 Water Bond issue which as of June 30, 2008, had an outstanding balance of \$1,075,000 with interest of 5.6% to 5.9% with a maturity of 2021. The 2008 bond issue of \$1,100,000 has interest of 2.8% to 4.25% with the same maturity of 2021. The total net savings is \$67,060 over the thirteen years to maturity.

Water Plant Upgrade and Expansion
Notice of Intent to Issue Capital Improvement Bonds

On August 12, 2008 the Village Council approved a notice of intent to issue capital improvement bonds of \$2,450,000 for an upgrade and expansion of the water treatment plant. Construction of the project was bid and a contract awarded for \$2,450,000. The bonds are mature through 2028. The bond sale date is expected in October 2008. The debt service is intended to be paid by the water rates which an interim 5% increase was approved to be effective September 2008.

Capital Improvement Bonds and Contract
Parking Lot Construction – Component Unit- Downtown Development Authority (DDA)

\$1,000,000 Capital Improvement Bonds issued in August 2008 for parking lot expansion and construction being funded by tax captured revenues of the Component Unit- Downtown Development Authority (DDA).

On September 24, 2008 a construction contract for two parking lot improvement projects was awarded in the amount of \$534,484 by the Downtown Development Authority. The related engineering and utility relocation costs bring the construction project total estimate to \$650,000.

VILLAGE OF OXFORD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

4. OTHER INFORMATION (Continued)

H. Related Parties

The Oxford Village Hardware, which is a vendor of the Village, employs the council president.

**OTHER
SUPPLEMENTAL
INFORMATION**

VILLAGE OF OXFORD, MICHIGAN
BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2008

	Special Revenue				Municipal	
	Major	Local	Municipal	Building	Building	Total
	Street	Street	Street	Authority	Debt	
<u>ASSETS</u>						
Cash and Cash Equivalents	\$26,229	\$18,130	\$2,454	\$7,453	\$0	\$54,266
Due from Other Funds	1	2	0	0	0	3
Due from Other Governments	13,188	4,630	0	0	0	17,818
Prepaid Expenses	5,855	1,356	0	0	0	7,211
<u>TOTAL ASSETS</u>	<u>\$45,273</u>	<u>\$24,118</u>	<u>\$2,454</u>	<u>\$7,453</u>	<u>\$0</u>	<u>\$79,298</u>
<u>LIABILITIES</u>						
Accounts Payable	\$4,252	\$4,815	\$0	\$0	\$0	\$9,067
Accrued Liabilities	611	505	0	0	0	1,116
Due to Other Funds	2,825	987	0	0	0	3,812
Total Liabilities	\$7,688	\$6,307	\$0	\$0	\$0	\$13,995
<u>FUND BALANCES</u>						
Reserved - Prepays	5,855	1,356	0	0	0	7,211
Unreserved	31,730	16,455	2,454	7,453	0	58,092
Total Fund Balances	\$37,585	\$17,811	\$2,454	\$7,453	\$0	\$65,303
<u>TOTAL LIABILITIES AND</u> <u>FUND BALANCES</u>	<u>\$45,273</u>	<u>\$24,118</u>	<u>\$2,454</u>	<u>\$7,453</u>	<u>\$0</u>	<u>\$79,298</u>

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2008

	Special Revenue				Municipal	Total
	Major	Local	Municipal	Building	Building	After
	Street	Street	Street	Authority	Debt	Interfund
						Eliminations
<u>REVENUES</u>						
Intergovernmental						
State Grants	\$147,600	\$51,795	\$0	\$0	\$0	\$199,395
Local Reimbursements	1,188	0	0	0	0	1,188
Investment Earnings	3,731	879	6,227	442	0	11,279
Other	0	0	10,227	0	0	10,227
Total Revenues	\$152,519	\$52,674	\$16,454	\$442	\$0	\$222,089
<u>OTHER FINANCING USES</u>						
Transfers from Other Funds	215,047	13,361	215,047	44,936	45,236	259,983
Total Revenues and Other						
Financing Sources	\$367,566	\$66,035	\$231,501	\$45,378	\$45,236	\$482,072
<u>EXPENDITURES</u>						
Highways & Streets	134,950	82,429	639	0	0	218,018
Debt Service						
Principal	132,580	0	0	0	35,000	167,580
Interest	82,467	0	0	0	9,736	92,203
Other	0	0	0	0	500	500
Total Expenditures	\$349,997	\$82,429	\$639	\$0	\$45,236	\$478,301
<u>OTHER FINANCING USES</u>						
Transfers to Other Funds	245,184	17,034	607,051	45,236	0	640,861
Total Expenditures and Other						
Financing Uses	\$595,181	\$99,463	\$607,690	\$45,236	\$45,236	\$1,119,162
Net Change in Fund Balance	(\$227,615)	(\$33,428)	(\$376,189)	\$142	\$0	(\$637,090)
<u>NET ASSETS - BEGINNING</u>	265,200	51,239	378,643	7,311	0	702,393
<u>NET ASSETS - ENDING</u>	\$37,585	\$17,811	\$2,454	\$7,453	\$0	\$65,303

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
DOWNTOWN DEVELOPMENT AUTHORITY
AS OF JUNE 30, 2008

	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total	Adjustments	Statement of Net Assets
<u>ASSETS</u>						
Cash and Cash Equivalents	\$302,677	\$0	\$0	\$302,677	\$0	\$302,677
Taxes - Delinquent	16,223	0	0	16,223	0	16,223
Allowance for Delinquent Taxes	(2,025)	0	0	(2,025)	0	(2,025)
Due from Primary Government	3,315	0	0	3,315	0	3,315
Prepaid Expenses	3,607	0	0	3,607	0	3,607
Non-Depreciable Capital Assets	0	0	0	0	2,049,045	2,049,045
Net Capital Assets Being Depreciated	0	0	0	0	42,812	42,812
<u>TOTAL ASSETS</u>	<u>\$323,797</u>	<u>\$0</u>	<u>\$0</u>	<u>\$323,797</u>	<u>\$2,091,857</u>	<u>\$2,415,654</u>
<u>LIABILITIES</u>						
Accounts Payable	\$17,815	\$0	\$0	\$17,815	\$0	\$17,815
Accrued Liabilities	0	0	0	0	8,357	8,357
Due to Primary Government	57,291	0	0	57,291	0	57,291
Deferred Revenue	17,284	0	0	17,284	(17,284)	0
Bonds Payable - Current	0	0	0	0	43,640	43,640
Bonds Payable	0	0	0	0	624,243	624,243
Total Liabilities	\$92,390	\$0	\$0	\$92,390	\$658,956	\$751,346
<u>FUND BALANCES</u>						
Reserved for Prepaids	3,607	0	0	3,607	(3,607)	0
Unreserved and Undesignated	227,800	0	0	227,800	(227,800)	0
Total Fund Balances	\$231,407	\$0	\$0	\$231,407	(\$231,407)	\$0
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$323,797</u>	<u>\$0</u>	<u>\$0</u>	<u>\$323,797</u>		
<u>NET ASSETS</u>						
Invested in Capital Assets					1,423,974	1,423,974
Unrestricted					240,334	240,334
Total Net Assets					\$1,664,308	\$1,664,308
<u>TOTAL LIABILITIES AND NET ASSETS</u>					<u>\$2,091,857</u>	<u>\$2,415,654</u>

VILLAGE OF OXFORD, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF DOWNTOWN DEVELOPMENT AUTHORITY
AS OF JUNE 30, 2008

Total Governmental Fund Balances:	\$231,407
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Add: Non-Depreciable Capital Assets	2,049,045
Add: Capital Assets Being Depreciated - Net	42,812
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance	
Add: Deferred Property Taxes	17,284
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct: Long-Term Portion of Bonds Payable	(624,243)
Deduct: Current Portion of Bonds Payable	(43,640)
Deduct: Accrued Interest on Bonds Payable	<u>(8,357)</u>
<u>NET ASSETS OF COMPONENT UNIT ACTIVITIES</u>	<u>\$1,664,308</u>

VILLAGE OF OXFORD, MICHIGAN
STATEMENT OF ACTIVITIES AND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total After Interfund Eliminations	Adjustments	Statement of Activities
<u>REVENUES</u>						
Taxes & Special Assessments						
Oxford Township Capture	\$226,890	\$0	\$0	\$226,890	\$0	\$226,890
Oxford Village Capture	188,863	0	0	188,863	(3,631)	185,232
Delinquent Taxes	1,775	0	0	1,775	0	1,775
Investment Earnings	21,312	4,745	26	26,083	0	26,083
Sponsorship	17,100	0	0	17,100	0	17,100
Other	5,128	0	0	5,128	0	5,128
Total Revenues	<u>\$461,068</u>	<u>\$4,745</u>	<u>\$26</u>	<u>\$465,839</u>	<u>(\$3,631)</u>	<u>\$462,208</u>
<u>EXPENDITURES/EXPENSES</u>						
Primary Government						
Enforcement	60,000	0	0	60,000	0	60,000
Downtown Maintenance DPW	120,207	0	0	120,207	0	120,207
Contracted Services						
Planning Consultant	10,217	0	0	10,217	0	10,217
Management	54,221	0	0	54,221	0	54,221
Events	46,841	0	0	46,841	0	46,841
Organization/Admin/Supplies	161,695	0	0	161,695	(57,197)	104,498
Rehabilitation Grants	27,611	0	0	27,611	0	27,611
Principal Payments	0	0	42,420	42,420	(42,420)	0
Interest on Long-Term Debt	0	0	26,386	26,386	(585)	25,801
Capital Outlay						
Operating Fund	30,253	367,051	0	397,304	(397,304)	0
Construction	0	330,974	0	330,974	(299,640)	31,334
Depreciation	0	0	0	0	3,568	3,568
Total Expenditures/Expenses	<u>\$511,045</u>	<u>\$698,025</u>	<u>\$68,806</u>	<u>\$1,277,876</u>	<u>(\$793,578)</u>	<u>\$484,298</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(\$49,977)	(\$693,280)	(\$68,780)	(\$812,037)	\$789,947	(\$22,090)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers to (from) Other Funds	(423,835)	362,306	61,529	0	0	0
Net Change in Fund Balance	<u>(\$473,812)</u>	<u>(\$330,974)</u>	<u>(\$7,251)</u>	<u>(\$812,037)</u>	<u>\$789,947</u>	<u>(\$22,090)</u>
<u>FUND BALANCE - BEGINNING</u>	<u>705,219</u>	<u>330,974</u>	<u>7,251</u>	<u>1,043,444</u>	<u>642,954</u>	<u>1,686,398</u>
<u>FUND BALANCE - ENDING</u>	<u>\$231,407</u>	<u>\$0</u>	<u>\$0</u>	<u>\$231,407</u>	<u>\$1,432,901</u>	<u>\$1,664,308</u>

VILLAGE OF OXFORD, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Total net change in fund balances - governmental funds (\$812,037)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: Capital Outlay Expense	751,691
Less: Depreciation Expense	(3,568)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: Current Year Deferred Revenue on Delinquent Personal Property Tax	(3,631)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds.

Add: Principal Payments on Long-Term Liabilities	42,420
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: Decrease in the Accrued Interest Payable on Bonds	585
Add: Decrease in the Accrual for Compensated Absences	2,450

<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>(\$22,090)</u>
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Lewis & Knopf, CPAs, P.C.

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January 13, 2009

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Village Council of
Village of Oxford

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Oxford, as of and for the year ended June 30, 2008, which collectively comprise the Village of Oxford's basic financial statements and have issued our report thereon dated January 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Oxford's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Oxford's financial statements that is more than inconsequential will not be prevented or detected by the Village of Oxford's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Oxford's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Oxford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Village of Oxford
Page 2
January 13, 2009

This report is intended for the information of the finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS